

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LAKE CITY WATER)	
DISTRICT, SEWER SYSTEM, FOR RATE)	CASE NO. 89-117
ADJUSTMENT PURSUANT TO THE ALTERNATIVE)	
RATE FILING PROCEDURE FOR SMALL UTILITIES)	

O R D E R

On May 8, 1989, Lake City Water District (Sewer) ("Lake City") filed its application for Commission approval of a proposed increase in its rates for sewer service. The proposed rates for sewer service would generate additional annual revenues of \$9,745, an increase of 24 percent above normalized test-year revenues.

Since Lake City requested and received Staff assistance in filing the application, the field review of Lake City's test-period financial records took place in October 1988. Based upon this review, Commission Staff issued its report on July 7, 1989 recommending Lake City's proposed rates be accepted.

By letter dated July 7, 1989, Lake City was advised to file comments on the Staff Report or request a hearing no later than July 24, 1989 or the case would stand submitted to the Commission for decision. No comments on the Staff Report or requests for a hearing have been received.

The Commission, after considering the evidence of record and being sufficiently advised, finds:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached and incorporated hereto, are the fair, just, and reasonable rates for Lake City and will produce gross annual revenues of approximately \$50,295. These rates will allow Lake City sufficient revenues to meet its operating expenses, service its debt, and provide for future equity growth.

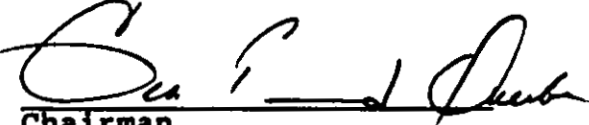
IT IS THEREFORE ORDERED that:

1. The rates proposed by Lake City and contained in Appendix A are approved for service rendered on and after the date of this Order.

2. Within 30 days of the date of this Order, Lake City shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 2nd day of August, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:

Executive Director


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-117 DATED 8/02/89

The following rates and charges are prescribed for the customers in the area served by Lake City Water District (Sewer). All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

First 3,000 gallons	\$10.15 Minimum Bill
Over 3,000 gallons	1.30 per 1,000 gallons
A-1 Septic	\$55
City of Grand Rivers	\$808